

NEWS RELEASE

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DeNUCCI CITES CONVENTION CENTER FOR FAILING TO SOLICIT BIDS

State Auditor Joe DeNucci said today that the Massachusetts Convention Center Authority failed to solicit competitive bids for its food and beverage concession contract when it extended the agreement three times over a five-year period.

According to the authority's own policies and procedures, competitive bids must be sought for all professional service contracts greater than \$10,000. However, the authority's food service contract was continued without any bids being sought even though the contract was generating more than \$1 million in revenue each year. In return, the concessionaire agreed to pay the authority a base fee of \$400,000 per year, plus a percentage of the gross sales less the base fee.

The authority replied that it did not put the concession out for bid because it thought that a lengthy bidding process would disrupt services and inconvenience clients. In its response, the authority said these were "rare exceptions" and noted that since the end of the audit field work, a new food service contract has been awarded to the same company through a bidding process.

DeNucci's report also revealed that the authority did not seek competitive bids for outside legal services that totaled close to \$41,000 one year and almost \$85,000 the following year.

"Sound business practice requires that the authority follow its own regulations and advertise for bids on all professional service contracts greater than \$10,000," advised DeNucci.

In another matter, DeNucci said that although the authority's personnel policies stipulate that employees may sell only two weeks or a maximum of \$5,000 worth of vacation time, the authority paid out more than \$267,000 to buy unused vacation time from 43 employees, 14 of whom sold vacation time exceeding five weeks.

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In its response, the authority said it was involved in several major projects during the period in question and members of its executive staff were needed on an ongoing basis. The authority said it would have been unfair to penalize staff for vacations they were unable to take, and also noted that the buybacks did not result in any additional expense to the authority because vacation time is accrued during the time it is earned. Nevertheless, the authority said it will review its overall vacation policies and attempt to reduce the amount of vacation time over the allowed carryover levels.

Finally, DeNucci disclosed that the authority has resolved several deficiencies that were uncovered by a prior audit, including free use of convention floor space and questionable marketing expenses.

“The Massachusetts Convention Center Authority plays a crucial role in attracting business and visitors to our state,” DeNucci said. “It’s important that the authority use sound business practices in its operations. I am pleased that the authority is following my recommendations and I encourage continued resolution of the issues identified in my audit.”